



**DEKALB COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-86
September 9, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like DeKalb, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of DeKalb County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's General Revenue Fund is in poor financial condition. The cash balance of the General Revenue Fund decreased from \$124,622 at January 1, 1999, to \$17,367 at December 31, 2001. In 2001, the county borrowed \$60,000 in tax anticipation notes which will be repaid in 2002.

A significant factor in the decline of the financial condition was the addition of a courthouse elevator and other handicapped-accessible improvements. The project, when totally completed, will cost approximately \$250,000, but the county received grant funding for only \$106,700. Due to elevator construction bids being higher than the original cost estimates and that the lowest bidder could not complete the project, the county spent approximately \$75,000 more on elevator construction than originally estimated. It appears the county's decision not to re-bid the elevator construction and/or re-apply for grant funding may have resulted in significant additional costs to the county.

The County Commission needs to closely monitor revenues and expenditures and take steps to increase the balance of the General Revenue Fund. The county could do a better job of maximizing certain revenues.

(over)

SHEET
MOTLEY
YELLOW

- The Multi-County (ACCD) 911 Board needs to make significant improvements to better account for 911 funds. The board advanced monies to the various counties for mapping expenses; however, the board did not require the counties to submit documentation of actual mapping expenses incurred. As a result, the counties received \$239,507 more advances than actual amounts incurred for mapping expenses. The board should discontinue providing advances to counties and require refunds of amounts paid which were not spent for allowable mapping purposes.

The balance of the Multi-County (ACCD) 911 Fund has grown significantly over the past four years from \$356,261 to \$600,549. The board needs to review its operations and attempt to reduce the large accumulated balance. The board indicated it is considering centralizing its operations which could significantly increase its operating costs.

The board also needs to improve its controls and procedures for preparing more accurate budgets, proper expenditure documentation, required training for dispatchers, and adequate records of general fixed assets.

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 DeKalb County's former Associate County Commissioners salaries were each increased approximately \$9,000 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the former Associate Commissioners, totaling approximately \$18,000 for the two years ended December 31, 2000, should be repaid. In light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

Also included in the audit are recommendations to improve procurement policies and procedures, budgetary practices, and matters relating to the Assessment Fund, Ex Officio County Collector, Circuit Clerk, Associate Circuit Division, Senate Bill 40 Board, and Senior Citizens Services Board. Several of these issues had been noted in prior audits.

All reports are available on our website: www.auditor.state.mo.us

DEKALB COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports:	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6
Financial Statements:	7-18
<u>Exhibit</u>	<u>Description</u>
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2001
A-2	Year Ended December 31, 2000
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000
Notes to the Financial Statements	19-22
Supplementary Schedule:	23-25
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000	24-25
Notes to the Supplementary Schedule	26-28
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report:	30-32
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	31-32

DEKALB COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>		
Schedule:.....	33-36	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	34	
Section I - Summary of Auditor's Results	34	
Section II - Financial Statement Findings	35	
Section III - Federal Award Findings and Questioned Costs	35	
<u>Number</u>	<u>Description</u>	
01-1.	Schedule of Expenditures of Federal Awards.....35	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	37-38	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	39-40	
<u>MANAGEMENT ADVISORY REPORT SECTION</u>		
Management Advisory Report - State Auditor's Findings	42-63	
<u>Number</u>		
1.	Financial Condition.....44	
2.	Procurement Policies and Expenditures.....45	
3.	Budgetary Practices.....47	
4.	Associate County Commissioners' Salaries	49
5.	Assessment Fund	49
6.	Ex Officio County Collector's Controls and Procedures	50
7.	Circuit Clerk's Controls and Procedures	52
8.	Associate Circuit Division's Controls and Procedures.....	54
9.	Multi-County (ACCD) 911 Board	55
10.	Senate Bill 40 Board	60
11.	Senior Citizens Services Board.....	62
Follow-Up on Prior Audit Findings	64-72	

DEKALB COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information	74-79

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of DeKalb County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of DeKalb County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of DeKalb County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of DeKalb County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of DeKalb County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 18, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of DeKalb County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

April 18, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Lonnie Breeding III, CPA
Audit Staff:	Terese Summers, CPA
	Mark Rodabaugh



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of DeKalb County, Missouri

We have audited the special-purpose financial statements of various funds of DeKalb County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of DeKalb County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of DeKalb County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of DeKalb County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 18, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

DEKALB COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 72,340	1,178,974	1,233,947	17,367
Special Road and Bridge	722,308	853,719	889,001	687,026
Assessment	1,694	154,312	145,764	10,242
Law Enforcement Training	12,861	3,468	3,294	13,035
Prosecuting Attorney Training	406	495	795	106
Prosecuting Attorney Delinquent Tax	31	2,810	0	2,841
Capital Improvement Sales Tax	167,074	549,762	701,873	14,963
Nursing Home Sales Tax	274,587	11,722	3,668	282,641
Victims of Domestic Violence	0	476	476	0
Recorders	2,192	4,786	3,923	3,055
Bad Check	1,974	10,948	7,089	5,833
Local Emergency Planning Committee	4,643	3,680	2,454	5,869
Cemetery Trust	69,386	4,101	2,777	70,710
Sheriff Civil Fees	20	11,971	4,705	7,286
Election Fees	696	2,725	2,922	499
Multi-County (ACCD) 911 Board	572,453	521,909	493,813	600,549
Senate Bill 40 Board	112,148	74,415	93,283	93,280
Senior Citizens Services Board	0	25,060	24,776	284
Law Library	7,946	3,084	290	10,740
Circuit Clerk Interest	12,577	3,055	8,305	7,327
Associate Circuit Division Interest	45	898	0	943
Recorder Technical Assistance	0	1,310	0	1,310
Total	\$ 2,035,381	3,423,680	3,623,155	1,835,906

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DEKALB COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 88,682	1,006,356	1,022,698	72,340
Special Road and Bridge	748,293	1,148,211	1,174,196	722,308
Assessment	2,509	172,356	173,171	1,694
Law Enforcement Training	10,574	4,092	1,805	12,861
Prosecuting Attorney Training	822	667	1,083	406
Prosecuting Attorney Delinquent Tax	1,074	84	1,127	31
Capital Improvement Sales Tax	288,954	554,217	676,097	167,074
Nursing Home Sales Tax	256,631	18,216	260	274,587
Victims of Domestic Violence	0	521	521	0
Recorders	5,011	4,468	7,287	2,192
Bad Check	4,477	9,997	12,500	1,974
Local Emergency Planning Committee	2,509	2,262	128	4,643
Cemetery Trust	69,174	3,549	3,337	69,386
Sheriff Civil Fees	4,704	11,774	16,458	20
Sheriff Calendar	419	7	426	0
Election Fees	265	1,487	1,056	696
Multi-County (ACCD) 911 Board	572,630	445,370	445,547	572,453
Senate Bill 40 Board	114,117	67,816	69,785	112,148
Law Library	6,121	2,670	845	7,946
Circuit Clerk Interest	8,884	7,286	3,593	12,577
Associate Circuit Division Interest	0	45	0	45
Total	\$ 2,185,850	3,461,451	3,611,920	2,035,381

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,608,124	3,421,472	(186,652)	3,140,294	3,461,406	321,112
DISBURSEMENTS	4,974,234	3,623,155	1,351,079	4,449,655	3,611,920	837,735
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,366,110)	(201,683)	1,164,427	(1,309,361)	(150,514)	1,158,847
CASH, JANUARY 1	2,035,885	2,035,336	(549)	2,187,157	2,185,850	(1,307)
CASH, DECEMBER 31	669,775	1,833,653	1,163,878	877,796	2,035,336	1,157,540
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	48,100	44,413	(3,687)	47,300	39,970	(7,330)
Sales taxes	582,000	538,408	(43,592)	530,000	533,921	3,921
Intergovernmental	49,407	39,615	(9,792)	49,119	65,874	16,755
Charges for services	225,735	201,362	(24,373)	198,700	204,657	5,957
Interest	10,000	6,589	(3,411)	10,000	10,976	976
Tax anticipation note	0	60,000	60,000	0	0	0
Nursing home lease	78,000	78,000	0	78,000	78,000	0
Elevator grant	106,700	104,500	(2,200)	0	0	0
Other	19,435	72,923	53,488	46,918	32,065	(14,853)
Transfers in	55,308	33,164	(22,144)	57,950	40,893	(17,057)
Total Receipts	1,174,685	1,178,974	4,289	1,017,987	1,006,356	(11,631)
DISBURSEMENTS						
County Commission	74,780	74,829	(49)	78,720	75,933	2,787
County Clerk	71,225	71,498	(273)	78,364	71,834	6,530
Elections	2,000	50	1,950	20,000	21,799	(1,799)
Buildings and grounds	103,716	102,967	749	72,116	62,627	9,489
Employee fringe benefits	106,750	101,684	5,066	112,750	97,021	15,729
County Treasurer	40,248	38,597	1,651	35,423	33,003	2,420
Ex Officio County Collector	12,000	5,205	6,795	11,500	11,650	(150)
Circuit Clerk and Ex Officio Recorder of Deeds	42,748	46,435	(3,687)	43,598	43,878	(280)
Associate Circuit Court	17,682	17,296	386	18,179	16,587	1,592
Court administration	1,600	841	759	1,000	1,174	(174)
Public Administrator	15,500	15,527	(27)	5,000	4,934	66
Sheriff	251,138	256,692	(5,554)	281,956	266,199	15,757
Prosecuting Attorney	95,917	94,079	1,838	91,867	85,685	6,182
Juvenile Officer	13,232	8,118	5,114	13,485	7,630	5,855
County Coroner	12,450	12,790	(340)	13,335	11,328	2,007
University Extension Council	25,885	25,976	(91)	25,885	26,320	(435)
Tax Increment Financing District	105,000	102,125	2,875	85,000	104,241	(19,241)
Elevator	168,700	186,533	(17,833)	0	101	(101)
Child support enforcement	1,500	1,250	250	1,250	1,800	(550)
Public health and welfare services	1,500	1,468	32	500	332	168
Other	35,160	34,987	173	40,210	43,622	(3,412)
Transfers out	10,000	35,000	(25,000)	45,247	35,000	10,247
Emergency Fund	34,000	0	34,000	30,539	0	30,539
Total Disbursements	1,242,731	1,233,947	8,784	1,105,924	1,022,698	83,226
RECEIPTS OVER (UNDER) DISBURSEMENTS	(68,046)	(54,973)	13,073	(87,937)	(16,342)	71,595
CASH, JANUARY 1	72,340	72,340	0	88,682	88,682	0
CASH, DECEMBER 31	4,294	17,367	13,073	745	72,340	71,595

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	946,000	801,616	(144,384)	766,000	1,070,009	304,009
Charges for services	4,000	2,709	(1,291)	5,000	3,644	(1,356)
Interest	55,000	30,273	(24,727)	38,000	54,204	16,204
Other	17,900	19,121	1,221	27,700	20,354	(7,346)
Total Receipts	1,022,900	853,719	(169,181)	836,700	1,148,211	311,511
DISBURSEMENTS						
Salaries	150,000	129,213	20,787	150,000	125,988	24,012
Employee fringe benefits	44,000	27,602	16,398	38,500	27,175	11,325
Supplies	38,500	21,353	17,147	25,500	21,617	3,883
Insurance	20,000	7,188	12,812	20,000	7,214	12,786
Road and bridge materials	325,000	196,025	128,975	303,000	231,274	71,726
Equipment repairs	10,000	3,986	6,014	10,000	6,504	3,496
Rentals	1,000	150	850	1,000	0	1,000
Equipment purchases	162,500	22,094	140,406	230,000	53,421	176,579
Construction, repair, and maintenance	876,000	453,052	422,948	566,500	663,945	(97,445)
Other	6,000	2,458	3,542	35,500	2,859	32,641
Transfers out	48,900	25,880	23,020	37,950	34,199	3,751
Total Disbursements	1,681,900	889,001	792,899	1,417,950	1,174,196	243,754
RECEIPTS OVER (UNDER) DISBURSEMENTS	(659,000)	(35,282)	623,718	(581,250)	(25,985)	555,265
CASH, JANUARY 1	722,308	722,308	0	748,293	748,293	0
CASH, DECEMBER 31	63,308	687,026	623,718	167,043	722,308	555,265
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	88,309	90,600	2,291	79,616	88,537	8,921
Interest	1,400	1,484	84	1,400	1,428	28
ACCD 911	70,000	25,000	(45,000)	45,000	45,000	0
Other	2,400	2,228	(172)	8,200	2,391	(5,809)
Transfers in	10,000	35,000	25,000	45,247	35,000	(10,247)
Total Receipts	172,109	154,312	(17,797)	179,463	172,356	(7,107)
DISBURSEMENTS						
Assessor	108,893	101,283	7,610	124,393	115,941	8,452
911 mapping	46,000	44,481	1,519	56,960	57,230	(270)
Total Disbursements	154,893	145,764	9,129	181,353	173,171	8,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,216	8,548	(8,668)	(1,890)	(815)	1,075
CASH, JANUARY 1	1,694	1,694	0	2,509	2,509	0
CASH, DECEMBER 31	18,910	10,242	(8,668)	619	1,694	1,075

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,500	3,468	968	4,000	4,092	92
Total Receipts	2,500	3,468	968	4,000	4,092	92
DISBURSEMENTS						
Sheriff	5,000	3,294	1,706	5,000	1,805	3,195
Total Disbursements	5,000	3,294	1,706	5,000	1,805	3,195
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	174	2,674	(1,000)	2,287	3,287
CASH, JANUARY 1	12,861	12,861	0	10,574	10,574	0
CASH, DECEMBER 31	10,361	13,035	2,674	9,574	12,861	3,287
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	650	495	(155)	800	667	(133)
Total Receipts	650	495	(155)	800	667	(133)
DISBURSEMENTS						
Prosecuting Attorney	1,000	795	205	800	1,083	(283)
Total Disbursements	1,000	795	205	800	1,083	(283)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(350)	(300)	50	0	(416)	(416)
CASH, JANUARY 1	406	406	0	822	822	0
CASH, DECEMBER 31	56	106	50	822	406	(416)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	0	2,807	2,807	1,050	0	(1,050)
Interest	0	3	3	0	84	84
Total Receipts	0	2,810	2,810	1,050	84	(966)
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	1,000	1,127	(127)
Total Disbursements	0	0	0	1,000	1,127	(127)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,810	2,810	50	(1,043)	(1,093)
CASH, JANUARY 1	31	31	0	1,074	1,074	0
CASH, DECEMBER 31	31	2,841	2,810	1,124	31	(1,093)

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	581,000	538,696	(42,304)	530,000	534,687	4,687
Interest	20,000	11,066	(8,934)	20,000	19,530	(470)
Total Receipts	601,000	549,762	(51,238)	550,000	554,217	4,217
DISBURSEMENTS						
Gravel	570,000	592,498	(22,498)	550,000	565,162	(15,162)
Tax Increment Financing District	110,000	102,091	7,909	84,000	104,241	(20,241)
Transfers out	6,340	7,284	(944)	0	6,694	(6,694)
Total Disbursements	686,340	701,873	(15,533)	634,000	676,097	(42,097)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85,340)	(152,111)	(66,771)	(84,000)	(121,880)	(37,880)
CASH, JANUARY 1	167,074	167,074	0	288,954	288,954	0
CASH, DECEMBER 31	81,734	14,963	(66,771)	204,954	167,074	(37,880)
<u>NURSING HOME SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	10	3	(7)	100	31	(69)
Interest	18,000	11,719	(6,281)	12,000	18,185	6,185
Total Receipts	18,010	11,722	(6,288)	12,100	18,216	6,116
DISBURSEMENTS						
Maintenance and operation	50,000	3,668	46,332	50,000	260	49,740
Total Disbursements	50,000	3,668	46,332	50,000	260	49,740
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,990)	8,054	40,044	(37,900)	17,956	55,856
CASH, JANUARY 1	274,587	274,587	0	256,631	256,631	0
CASH, DECEMBER 31	242,597	282,641	40,044	218,731	274,587	55,856
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	550	470	(80)	550	508	(42)
Interest	10	6	(4)	9	13	4
Total Receipts	560	476	(84)	559	521	(38)
DISBURSEMENTS						
Domestic violence shelter	560	476	84	559	521	38
Total Disbursements	560	476	84	559	521	38
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDERS FUND</u>						
RECEIPTS						
Charges for services	4,800	4,786	(14)	4,800	4,468	(332)
Total Receipts	4,800	4,786	(14)	4,800	4,468	(332)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	4,500	3,923	577	4,500	7,287	(2,787)
Total Disbursements	4,500	3,923	577	4,500	7,287	(2,787)
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	863	563	300	(2,819)	(3,119)
CASH, JANUARY 1	2,192	2,192	0	5,011	5,011	0
CASH, DECEMBER 31	2,492	3,055	563	5,311	2,192	(3,119)
<u>BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	9,750	10,948	1,198	9,000	9,704	704
Interest	250	0	(250)	135	293	158
Total Receipts	10,000	10,948	948	9,135	9,997	862
DISBURSEMENTS						
Prosecuting Attorney	11,810	7,089	4,721	9,000	12,500	(3,500)
Total Disbursements	11,810	7,089	4,721	9,000	12,500	(3,500)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,810)	3,859	5,669	135	(2,503)	(2,638)
CASH, JANUARY 1	1,974	1,974	0	4,477	4,477	0
CASH, DECEMBER 31	164	5,833	5,669	4,612	1,974	(2,638)
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	3,400	3,520	120	2,500	2,108	(392)
Interest	150	160	10	100	154	54
Total Receipts	3,550	3,680	130	2,600	2,262	(338)
DISBURSEMENTS						
Salary	800	1,600	(800)	800	0	800
Office expenditures	1,850	0	1,850	2,000	128	1,872
Equipment	0	604	(604)	0	0	0
Mileage and training	750	250	500	1,500	0	1,500
Total Disbursements	3,400	2,454	946	4,300	128	4,172
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	1,226	1,076	(1,700)	2,134	3,834
CASH, JANUARY 1	4,643	4,643	0	2,509	2,509	0
CASH, DECEMBER 31	4,793	5,869	1,076	809	4,643	3,834

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	3,500	3,799	299	3,200	3,483	283
Donations	0	302	302	0	66	66
Total Receipts	3,500	4,101	601	3,200	3,549	349
DISBURSEMENTS						
Maintenance and upkeep	3,000	2,777	223	3,000	3,337	(337)
Total Disbursements	3,000	2,777	223	3,000	3,337	(337)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,324	824	200	212	12
CASH, JANUARY 1	69,386	69,386	0	69,174	69,174	0
CASH, DECEMBER 31	69,886	70,710	824	69,374	69,386	12
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	9,850	11,832	1,982	10,000	11,576	1,576
Interest	150	139	(11)	0	198	198
Total Receipts	10,000	11,971	1,971	10,000	11,774	1,774
DISBURSEMENTS						
Sheriff	9,500	4,705	4,795	14,100	16,458	(2,358)
Total Disbursements	9,500	4,705	4,795	14,100	16,458	(2,358)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	7,266	6,766	(4,100)	(4,684)	(584)
CASH, JANUARY 1	20	20	0	4,704	4,704	0
CASH, DECEMBER 31	520	7,286	6,766	604	20	(584)
<u>SHERIFF CALENDAR FUND</u>						
RECEIPTS						
Interest				0	7	7
Total Receipts				0	7	7
DISBURSEMENTS						
Sheriff				419	426	(7)
Total Disbursements				419	426	(7)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(419)	(419)	0
CASH, JANUARY 1				419	419	0
CASH, DECEMBER 31				0	0	0

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION FEES FUND</u>						
RECEIPTS						
Charges for services	1,960	2,702	742	2,000	1,487	(513)
Interest	0	23	23	0	0	0
Total Receipts	1,960	2,725	765	2,000	1,487	(513)
DISBURSEMENTS						
County Clerk	2,500	2,922	(422)	2,200	1,056	1,144
Total Disbursements	2,500	2,922	(422)	2,200	1,056	1,144
RECEIPTS OVER (UNDER) DISBURSEMENTS	(540)	(197)	343	(200)	431	631
CASH, JANUARY 1	696	696	0	265	265	0
CASH, DECEMBER 31	156	499	343	65	696	631
<u>MULTI-COUNTY (ACCD) 911 BOARD FUND</u>						
RECEIPTS						
Intergovernmental	450,000	503,152	53,152	414,500	410,156	(4,344)
Interest	26,000	18,757	(7,243)	20,500	35,173	14,673
Other	0	0	0	0	41	41
Total Receipts	476,000	521,909	45,909	435,000	445,370	10,370
DISBURSEMENTS						
Dispatching and coordination	150,000	132,500	17,500	87,500	105,000	(17,500)
Office expenditures	24,600	16,585	8,015	20,100	14,972	5,128
Equipment	162,500	26,550	135,950	210,500	105,241	105,259
Mileage and training	54,000	8,494	45,506	44,000	9,059	34,941
Mapping and digitizing	240,000	180,000	60,000	240,000	105,000	135,000
Phone and maintenance	148,000	78,835	69,165	138,000	88,276	49,724
GTE contract	175,000	32,146	142,854	175,000	0	175,000
Consultant	15,000	11,000	4,000	15,000	12,000	3,000
Other	8,700	7,703	997	8,700	5,999	2,701
Total Disbursements	977,800	493,813	483,987	938,800	445,547	493,253
RECEIPTS OVER (UNDER) DISBURSEMENTS	(501,800)	28,096	529,896	(503,800)	(177)	503,623
CASH, JANUARY 1	572,453	572,453	0	572,630	572,630	0
CASH, DECEMBER 31	70,653	600,549	529,896	68,830	572,453	503,623

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	70,000	68,140	(1,860)	60,000	61,357	1,357
Interest	4,000	6,275	2,275	3,000	6,290	3,290
Other	0	0	0	0	169	169
Total Receipts	74,000	74,415	415	63,000	67,816	4,816
DISBURSEMENTS						
Funding for services	53,500	58,167	(4,667)	40,500	34,573	5,927
Client transportation	3,500	3,124	376	750	1,986	(1,236)
Office expenditures	500	16	484	500	0	500
Funding for equipment	40,000	31,976	8,024	25,000	33,226	(8,226)
Total Disbursements	97,500	93,283	4,217	66,750	69,785	(3,035)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,500)	(18,868)	4,632	(3,750)	(1,969)	1,781
CASH, JANUARY 1	112,227	112,148	(79)	115,424	114,117	(1,307)
CASH, DECEMBER 31	88,727	93,280	4,553	111,674	112,148	474
<u>SENIOR CITIZENS SERVICES BOARD</u>						
<u>FUND</u>						
RECEIPTS						
Property taxes	25,700	24,978	(722)			
Interest	100	82	(18)			
Total Receipts	25,800	25,060	(740)			
DISBURSEMENTS						
Meals	25,800	24,776	1,024			
Total Disbursements	25,800	24,776	1,024			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	284	284			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	284	284			
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	2,500	3,084	584	2,900	2,670	(230)
Total Receipts	2,500	3,084	584	2,900	2,670	(230)
DISBURSEMENTS						
Law Library	6,000	290	5,710	6,000	845	5,155
Total Disbursements	6,000	290	5,710	6,000	845	5,155
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	2,794	6,294	(3,100)	1,825	4,925
CASH, JANUARY 1	8,416	7,946	(470)	6,121	6,121	0
CASH, DECEMBER 31	4,916	10,740	5,824	3,021	7,946	4,925

Exhibit B

DEKALB COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	3,600	3,055	(545)	5,000	7,286	2,286
Total Receipts	3,600	3,055	(545)	5,000	7,286	2,286
DISBURSEMENTS						
Circuit Clerk	10,000	8,305	1,695	4,000	3,593	407
Total Disbursements	10,000	8,305	1,695	4,000	3,593	407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,400)	(5,250)	1,150	1,000	3,693	2,693
CASH, JANUARY 1	12,577	12,577	0	8,884	8,884	0
CASH, DECEMBER 31	\$ 6,177	7,327	1,150	9,884	12,577	2,693

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DEKALB COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of DeKalb County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Multi-County (ACCD) 911 Board, the Senate Bill 40 Board, or the Senior Citizens Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Associate Circuit Division Interest Fund for the years ended December 31, 2001 and 2000, and the Recorder Technical Assistance Fund for the year ended December 31, 2001.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvement Sales Tax Fund	2001 and 2000
Election Fees Fund	2001
Prosecuting Attorney Training Fund	2000
Prosecuting Attorney Delinquent Tax Fund	2000
Recorders Fund	2000
Bad Check Fund	2000
Cemetery Trust Fund	2000
Sheriff Civil Fees Fund	2000
Sheriff Calendar Fund	2000
Senate Bill 40 Board Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2000, did not include Associate Circuit Division Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of

potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001, were entirely covered by federal depository insurance or by collateral securities held by a the county's custodial bank in the county's name.

The Multi-County (ACCD) 911 Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held the board's custodial bank in the board's name.

The Senate Bill 40 Board's deposits at December 31, 2001, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

The Senior Citizens Services Board's deposits at December 31, 2001, were entirely covered by federal depository insurance.

Of the county's bank balance at December 31, 2000, \$100,000 was covered by federal depository insurance and \$1,428,257 was covered by collateral held by the county's custodial bank but not in the county's name.

Of the Senate Bill 40 Board's bank balance at December 31, 2000, \$100,000 was covered by federal depository insurance and \$14,117 was covered by collateral held by the board's custodial bank agent but not in the board's name.

3. Prior Period Adjustment

The Cemetery Trust Fund's cash balance at January 1, 2000, as previously stated has been increased by \$63,708 to reflect principal balances not previously reported.

Supplementary Schedule

Schedule

DEKALB COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	200-PF-26	104,500	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	27,915	32,097
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	95-RU-RX-K011	0	10,806
16.575	Crime Victim Assistance	2000-VOCA-0029	3,605	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	498	1,004
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO 032 (23)	0	367,063
		BRO 032 (24)	116,775	12,301
		BRO 032 (25)	112,463	12,301
		BRO 032 (26)	7,692	14,642
	Program Total		<u>236,930</u>	<u>406,307</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,721	1,340

Schedule

DEKALB COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	747	607
	Total Expenditures of Federal Awards		\$ <u>375,916</u>	<u>452,161</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

DEKALB COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by DeKalb County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because DeKalb County expended no noncash awards for the years ended December 31, 2001 and 2000, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of DeKalb County, Missouri

Compliance

We have audited the compliance of DeKalb County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, DeKalb County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

Internal Control Over Compliance

The management of DeKalb County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of law, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of DeKalb County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 18, 2002 (fieldwork completion date)

Schedule

DEKALB COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2001 AND 2000

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or
Other Identifying
Number

Program Title

20.205 Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

01-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 032(23), (24), (25), (26)
Award Years:	2001 and 2000
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's office as a part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly recorded.

The county does not have procedures in place to adequately track federal awards for the preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA contained significant errors and omissions. Total expenditures were reported for the Community Development Block Grants/State's Program instead of just the federal share of expenditures. Expenditures for the Emergency Management - State and Local Assistance grants were incurred in 1999 but were reported as 2000 expenditures. These errors overstated federal expenditures by \$82,033 and \$125,818 for the years ended December 31, 2001 and 2000, respectively. Expenditures of the Public Safety Partnership and Community

Policing Grants were understated by \$6,628 in 2001, and in 2000 this grant was erroneously combined with the National Criminal History Improvement Program. In addition, the schedule reflected total expenditures for all bridge projects without identifying the expenditures attributable to each individual bridge.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission and the County Clerk prepare complete and accurate schedules of expenditures of federal awards to submit to the State Auditor's Office as a part of the annual budgets.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will do a better job of presenting accurate information on future schedules.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DEKALB COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DEKALB COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEKALB COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of DeKalb County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 18, 2002. We also have audited the compliance of DeKalb County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 18, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of DeKalb County but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing*

Standards.

1.	Financial Condition
-----------	----------------------------

The county's General Revenue Fund is in poor financial condition. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the three years ended December 31, 2001:

		2001	2000	1999
Cash Balance, January 1	\$	72,340	88,682	124,622
Receipts		1,178,974	1,006,356	961,918
Disbursements		(1,233,947)	(1,022,698)	(997,858)
Cash Balance, December 31	\$	17,367	72,340	88,682

Based on the 2002 budget, it appears the financial condition of the General Revenue Fund will not improve during the current year. The 2002 budget includes receipts of \$1,062,813 and disbursements of \$1,077,914, resulting in an estimated ending cash balance of \$2,266. Included in the 2002 budgeted disbursements is \$60,000 to repay amounts borrowed through tax anticipation notes in 2001.

A significant factor in the decline of the financial condition of the General Revenue Fund was the addition of a courthouse elevator and other handicapped-accessible improvements. The county incurred costs of \$186,634 on this project in 2000 and 2001, and received grant money of only \$104,500 in 2001 to cover these costs. Additional costs of \$30,000 have been budgeted for this project in 2002 while only \$2,200 in additional grant money will be received in 2002 (see Management Advisory Report No. 2).

Our review noted the following areas which the county should consider to help improve the financial condition of the General Revenue Fund:

- The county does not bill cities for their share of assessment costs (See Management Advisory Report No. 5).
- The county should increase collection efforts on monies owed from board bills and court costs, and file reimbursement of state board bills in a more timely manner (See Management Advisory Report No. 8).

The County Commission should review discretionary disbursements to ensure available county resources are used efficiently and to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

WE RECOMMEND the County Commission consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and to maintain an adequate operating cash reserve.

AUDITEE'S RESPONSE

We agree. Effective March 2002, Phase 1 of the City of Cameron's tax increment financing (TIF) project was completed and we are no longer required to make payments of county sales tax to the TIF. This should help improve the financial condition of the General Revenue Fund. However, Phase 2 of the TIF has now been implemented and it is unknown how much this will effect the General Revenue Fund.

2. Procurement Policies and Expenditures

- A. The County Commission's decision not to re-bid the construction of a courthouse elevator and/or re-apply for grant funding may have resulted in significant additional costs to the county. In 2000, the county received approval for a \$106,700 Community Development Block Grant to fund approximately 60 percent of costs to make the courthouse handicapped-accessible as required by the Americans With Disabilities Act (ADA). In addition to construction of an elevator, the grant project included an ADA courthouse entrance and an ADA courthouse restroom. The estimated cost of the total project as recorded on the grant application was \$179,100, including estimated elevator construction costs of approximately \$125,000; however, it appears total project costs will be approximately \$250,000 when completed.

Even though it was significantly higher than the original cost estimate, the lowest elevator construction bid of \$155,004 was accepted by the county. However, county officials indicated the contractor failed to include the cost of the elevator in his bid and, therefore, the contractor did not perform any work and forfeited his performance bond of \$7,750 to the county. The county then accepted the next-lowest bid of \$195,700 because the county determined the cost of the elevator to be approximately \$50,000.

Upon discovery of the inadequate bid by the lowest bidder, it appears the County Commission should have canceled the original grant project and re-applied for a new grant, given the significant increase in elevator construction costs needed to complete the project. While the county did seek additional funding for the same grant project to no avail, it appears the county would have had a better chance of obtaining additional funding by submitting a totally new grant application with new cost estimates and re-bidding the elevator construction.

- B. The county did not always solicit bids and/or retain bid documentation for various purchases. In addition, the minutes did not adequately document bid information, such as reasons for accepting bids other than the lowest bid, sole source procurement situations, and efforts to solicit bids.

Bids were not advertised or solicited, or adequate bid documentation was not maintained for the following purchases:

Road and bridge truck	\$ 39,216
Road and bridge computer software	17,640
Bridge planking	6,818
Excavating services	5,650

Section 50.660, RSMo 2000, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices, bids received, the basis of justification for awarding bids, and documentation of all discussions with vendors.

- C. The County Commission did not adequately monitor the expenditure of county monies provided to the county's University Extension Council. Section 262.600, RSMo 2000, requires the council to submit monthly requisitions to the county which detail all expenditures covered by the requisitions. Section 262.617, RSMo 2000, requires the council to provide annual reports to the county showing all council receipts and expenditures, along with a summary of work undertaken and results accomplished. The council did not provide annual reports for 2000 and 2001, and monthly reports were not provided to the county until after February 2001.

The county provided \$25,976 and \$26,320 to the council for the years ended December 31, 2001 and 2000, respectively. Because of budget constraints the county reduced 2002 funding to the statutory minimum of \$10,000. Without a review of the required financial reports, the County Commission has little assurance that these monies were used for the intended purposes.

WE RECOMMEND the County Commission:

- A. In the future, solicit new bids for major projects when the accepted bidder cannot complete the project. If the project involves grant reimbursements to cover the cost

of the project, the County Commission should also consider re-applying for a new grant agreement prior to incurring significant additional costs.

- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- C. Monitor the expenditure of county monies by requiring the University Extension Council to submit monthly and annual financial reports as required by state.

AUDITEE'S RESPONSE

- A. *While we agree that additional grant funding may have been obtained had we applied for a new grant, it took several years to obtain the current grant and we did not want to take the chance of losing it. In addition, a local attorney had threatened to sue the county because the courthouse was not handicapped accessible, so we did not want to delay the project any further.*
- B. *Bids were obtained for the truck but we could not locate the documentation. The other purchases involved sole source procurement and we will do a better job of documenting this in the future.*
- C. *We agree. We continue to receive monthly reports from the extension council and we will require annual reports in the future.*

3. Budgetary Practices

- A. The County Commission and other applicable officials did not adequately monitor budget and actual disbursements, and as a result, actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Capital Improvement Sales Tax	\$ 15,533	42,097
Election Fees	422	
Bad Check		3,500
Recorders		2,787
Sheriff Civil Fees		2,358
Cemetery Trust		337
Prosecuting Attorney Training		283
Prosecuting Attorney Delinquent Tax		127
Sheriff Calendar		7

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246(1954), that county officials are required to strictly comply with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding a public hearing and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted, and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. The county's budgets contained several misclassifications of actual receipts and disbursements. The Special Road and Bridge Fund budgets included \$90,106 and \$85,513 as sales tax receipts for 2001 and 2000, respectively, which were county aid road trust (CART) revenues which should have been classified as intergovernmental. In addition, \$60,000 in tax anticipation note receipts obtained in 2001 in the General Revenue Fund was classified as charge for services and the repayment in 2002 was budgeted as a part of employee fringe benefits, which do not appear to be appropriate classifications of this type of debt service receipt and disbursement.

The county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented, to properly identify receipts and disbursement items, and to increase the effectiveness of the budgets as a management tool. As a result of the misclassification errors, it was necessary to make numerous adjustments to the amounts presented in the financial statements.

WE RECOMMEND the County Commission:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended with the State Auditor's office.

- B. Ensure that budget documents contain complete and accurate information about the county's finances, including more accurate classifications of actual receipts and disbursements.

AUDITEE'S RESPONSE

- A. *We will submit budget amendments as required in the future.*
- B. *This will be implemented.*

4. Associate County Commissioners' Salaries
--

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based upon this statute, in 1999 DeKalb County's former Associate County Commissioners salaries were each increased approximately \$9,000 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the former Associate County Commissioners, totaling approximately \$18,000 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

WE RECOMMEND the County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

We will review this issue with the Prosecuting Attorney and take appropriate action.

5. Assessment Fund

Section 137.720, RSMo 2000, provides that the county shall bill any taxing authority collecting its own property taxes for their share of assessment costs. The county has not billed various cities for these costs resulting in significant revenue losses. Based upon each city's assessed valuations for current real estate and personal property, the county could have collected additional revenues of approximately \$6,900 for the two years ended December 31, 2001.

A similar condition was noted in a prior report, and the county did not implement our prior recommendation. Due to the poor financial condition of the county, it is important that the county maximize revenues and bill all cities that collect their own taxes.

WE RECOMMEND the County Commission ensure the cities are billed for their share of assessment costs in accordance with state law.

AUDITEE'S RESPONSE

We will bill the cities of Cameron, Maysville, and Stewartsville for their share of assessment costs. The remaining cities in the county are very small and the amounts due from those cities would be immaterial.

6. Ex Officio County Collector's Controls and Procedures

The Ex Officio County Collector and township collectors processed property taxes totaling approximately \$4.4 million annually for the years ended February 28, 2002 and 2001. Our review noted the following concerns:

- A. The annual settlements prepared by the Ex Officio County Collector contained errors in amounts reported which caused differences between total tax collections and distributions. The settlement for the year ended February 28, 2001 contained significant errors in which real estate collections were understated by \$315,800 and utility taxes of \$40,859 were reported twice on the settlement. The settlement for the year ended February 28, 2002 also contained errors in which total collections and distributions differed by approximately \$23,000. In addition, the settlements did not separately identify assessment fund monies or collector commissions withheld and distributed by the township collectors.

The County Clerk maintains an account book with the collector. However, the differences were not resolved even though the County Clerk certified the settlement.

Section 139.160, RSMo 2000, requires the collector to "... settle his accounts of all moneys received by him on account of taxes and other sources of revenue...". By incorrectly reporting collections and distributions, the collector had not provided the County Commission with an accurate and complete settlement.

- B. The Ex Officio County Collector does not reconcile the bank account balances to existing liabilities. We attempted to reconcile the bank account balance to existing liabilities at February 28, 2002, and approximately \$200 of the bank balance could not be identified.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the balances in the bank account are properly identified and monies are sufficient to meet liabilities. Amounts which cannot be identified should be disposed of in accordance with applicable state laws.

A similar condition was noted in prior reports.

- C. The Ex Officio County Collector assesses a \$5 certification fee when personal property taxes are added after the tax books have already been printed and distributed to the township collectors. Approximately \$700 is assessed and collected annually which is distributed to the General Revenue Fund. This certification fee was established by order of the County Commission; however, there appears to be no statutory authority to collect this certification fee.

A similar condition was noted in a prior report.

- D. As of February 28, 2002, the Ex Officio County Collector's bank account had seven checks totaling \$3,651 which have been outstanding for more than one year and six of these checks were issued prior to December 2000. Six checks totaling \$3,649 were issued to political subdivisions and should be reissued. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions including Section 447.500 through 447.595, RSMo 2000, provide for the disposition of unclaimed monies.

WE RECOMMEND the Ex Officio Collector:

- A. Prepare complete and accurate annual settlements and the County Clerk should ensure the account book is properly reconciled to the annual settlement. In addition, the County Commission should properly review the settlement to ensure collections and distributions are in agreement.
- B. Reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine the disposition of the remaining unidentified amounts in the bank account.
- C. Discontinue assessing the \$5 certification fee. In addition, the County Commission should rescind its order to collect this fee.

- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *The Ex Officio County Collector indicated the annual settlement was prepared with the information provided by the township collectors. The Ex Officio County Collector, the County Commission, and the County Clerk all indicated they will review the settlements more closely in the future.*

B&D. The Ex Officio County Collector indicated she agrees and will implement.

- C. *The Ex Officio County Collector indicated she will discuss this with the County Commission, but will continue to collect this fee as long as the commission order remains in effect.*

The County Commission indicated they believe the fee is justified because of the additional cost incurred by the county in processing late assessments. However, they indicated they would review this matter with the Prosecuting Attorney.

7. Circuit Clerk's Controls and Procedures

- A. The Circuit Clerk does not maintain a listing of accrued costs owed to the court and does not have procedures to consistently pursue the collection of accrued costs through rebilling, show cause orders, or warrants. Per our request, the Circuit Clerk prepared a listing of accrued costs as of January 2002, which totaled approximately \$388,000. Approximately \$133,000 of this amount involved cases which have had no collections since 1998. Ineffective monitoring of cases with accrued costs and failure to utilize available collection options in a timely manner can result in lost revenue.

In addition, the Circuit Clerk does not usually disburse partial payments collected on old cases where collection of the full amount is considered remote. These monies represent court costs, bonds, and other fees collected from defendants. Attorney General's Opinion No. 26, 1973 to Osborne, concluded, "If, when liability has been established, accrued costs cannot be collected in full, charges not having statutory priority or not allocated under court rule should be prorated." A similar condition was noted in prior reports.

- B. The Circuit Clerk prepares monthly open items listings and reconciles them to the reconciled bank and book balances. The Circuit Clerk periodically reviews the listing and disburses items collected; however, there is no system in place to ensure all items are paid out in a timely manner. Our review noted thirteen cases dating back as far as 1989 which have been collected in full but have not been disbursed.

Monies should be disbursed to the applicable parties when the case has been resolved to ensure timely disposition of the monies.

A similar condition was noted in a prior report.

- C. The Circuit Clerk does not prepare state board bill reimbursement requests in a timely manner and does not have an adequate system in place to track applicable costs. Generally, reimbursement requests are submitted once a year. The Circuit Clerk submitted a reimbursement request for \$18,252 in January 2002. However, our review subsequent to January 2002 noted additional costs which should have been claimed for reimbursement. The Circuit Clerk then submitted another reimbursement request for approximately \$36,500. In addition, because of inadequate tracking of reimbursable costs, the county lost approximately \$1,500 in state reimbursements because the reimbursement filing period had expired for these amounts.

To ensure that revenues are not lost in the future, the Circuit Clerk should implement procedures to track all reimbursable board of prisoner costs and submit timely reimbursement claims to the state.

WE RECOMMEND the Circuit Clerk:

- A. Maintain a complete and accurate listing of accrued costs and adopt procedures for pursuing collection of accrued costs. If collection of such costs cannot be made, partial payments received should be distributed on a pro-rata basis, after obtaining a court order from the Circuit Judge.
- B. Establish and implement procedures to ensure monies are disbursed in a timely manner on cases that have been resolved.
- C. Establish and implement procedures to track reimbursable board of prisoner costs and submit applicable reimbursement claims to the state in a timely manner.

AUDITEE'S RESPONSE

- A. *Agree. All old cases have been identified and a court order has been obtained from the Circuit Judge. The amounts collected will be distributed on a pro-rata basis as time permits.*
- B. *Agree. This will be implemented.*
- C. *Agree. Reimbursement claims will be submitted at least quarterly.*

8. Associate Circuit Division's Controls and Procedures
--

- A. Accounting duties are not adequately segregated. One clerk is primarily responsible for receiving monies, preparing deposits, and maintaining accounting records. There are no documented reviews of the accounting records by the Associate Circuit Judge.

To adequately safeguard assets, the cash custody and record-keeping functions should be segregated when possible. If proper segregation cannot be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

- B. Receipts slips are not always prepared immediately upon receipt and subsequently deposited on a timely basis. Our review of case files noted five checks totaling approximately \$600 which had not been receipted. These checks appear to have been received at least two weeks prior to our review. In addition, the Associate Circuit Judge indicated he found about 10 undeposited checks totaling approximately \$1,000 when the chief division clerk was on vacation in 2002.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be receipted immediately and subsequently deposited daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Ensure receipt slips are issued immediately upon receipt and monies are deposited in a timely manner.

AUDITEE'S RESPONSE

I believe your procedural concerns and recommendations are appropriate. The associate division has a disproportionate workload to staff ratio. My clerks are severely overworked. If the present hiring freeze is lifted by the state and funding allocated, we hope to secure additional personnel.

I have taken some measures that I believe would comply with your recommendations. With the help of some emergency funding from the Office of State Court Administrator (OSCA), we had a CPA review our accounting procedures and implemented new more efficient methods of handling funds. Monies received are deposited on the date received and entered into a computer program formatted to our office requirements. I now open all mail, deliver monies to the appropriate clerk, and do periodic follow-up to ensure monies are deposited on a timely basis.

At the end of August 2002, an efficiency expert from OSCA will review our operations and will hopefully identify different means or methods by which we can make the associate division more efficient.

9.**Multi-County (ACCD) 911 Board**

Inadequate board oversight, as well as a lack of controls and procedures of the ACCD 911 system have caused significant concerns and deficiencies that need correcting.

The ACCD 911 system was formed in 1992 by the counties of Andrew, Caldwell, Clinton, and DeKalb and the City of Cameron. A nine member governing board is comprised of two representatives from each county (mostly county commissioners) and one representative from the city. DeKalb County officials maintain the financial records for the board. While the main 911 equipment is located in the City of Cameron, the majority of the 911 operations are decentralized in each county. Each county is responsible for providing dispatching and coordination services, and each county has performed separate 911 mapping. Operations are funded by an emergency telephone tax which is authorized by Section 190.305 RSMo, 2000, and tax revenues for 2001 and 2000 totaled \$503,152 and \$410,156, respectively.

Our review noted the following concerns:

- A. The board has not maintained adequate documentation to support 911 mapping expenditures incurred by the counties, and it appears each county has received 911 revenues which exceeded applicable 911 mapping expenditures. In 1996, the board began advancing monies on an annual basis to each county for mapping expenses. The majority of the mapping was completed during the two years ended December 31, 2001, and it appears mapping will be fully completed during 2002. However, the board has not required the counties to submit documentation of actual expenses incurred. We requested each county to submit documentation of total 911 mapping expenses incurred.

A comparison of total advance payments to each county and total mapping expenditures incurred are as follows:

County	Documented		
	Amounts Advanced	Mapping Expenses	Difference
Andrew	\$ 185,000	104,680	80,320
Caldwell	170,000	51,380	118,620
Clinton	240,000	207,663	32,337
DeKalb	245,000	236,770	8,230
Totals	\$ 840,000	600,493	239,507

As noted in the chart above, it appears every county has received more advances than actual amounts incurred for 911 mapping expenses. The board should perform a thorough review of all counties' 911 mapping expenses and require refunds of advances that were not used for allowable mapping expenses. In addition, the board

should discontinue providing advances to counties, and any additional mapping expenses should be paid directly to the vendors by the 911 board.

- B. Currently, tax revenues from the telephone companies are paid to each of the four counties and the counties transmit the revenues to the 911 board. In addition, several telephone companies serve the four counties and collect and remit tax revenues, which makes it more difficult to monitor the amounts collected and received. The board should consider having all telephone companies remit tax revenues directly to the board instead of to each of the counties.

Significant revenue fluctuations have occurred during the last three years, even though the rate levied has remained the same. Revenues for the years ended December 31, 1998, 1999, 2000, and 2001 were approximately \$404,000, \$448,000, \$410,000, and \$503,000, respectively. The board has hired a consultant to review the revenues and try to determine the reasons for the large fluctuations.

- C. The approved budget documents did not adequately project anticipated expenditures of the Multi-County (ACCD) 911 Fund for the two years ended December 31, 2001. The budgets significantly overestimated expenditures, and as a result the actual ending fund balances were much higher than the projected ending balances. Ending fund balances were underestimated by \$529,896 and \$503,623 for 2001 and 2000, respectively.

In addition, it appears the 2002 budget also over estimates expenditures. The 2002 budget includes \$140,000 for mapping and \$250,000 for a consulting contract. Based upon discussions with the Board President and a review of the contract, it appears mapping is almost complete and the consultant will update the maps as necessary. It appears the board will incur approximately \$70,000 in mapping expenses and \$115,000 in consultant expenses in 2002, which are significantly lower than the budgeted amounts.

It appears the board does not adequately plan or review historical cost data when preparing the budget. Failure to approve a realistic budget and monitor budget to actual data reduces the effectiveness of the budget as a management tool.

- D. Expenditures are not reviewed and approved by the board prior to payment. In addition, the board does not have adequate policies to prevent duplicate payments or to ensure invoices supporting expenditures are mathematically accurate.

Invoices are received by the board treasurer, payments are processed by the board treasurer and secretary, and checks are signed by the board treasurer and board president. Board minutes make general references that all expenditures are approved and invoices are available for inspection but there is no documentation of specific expenditures approved, such as a list which is maintained with the board minutes. In addition, invoices are not canceled to prevent duplicate payments, and it appears

summary billing statements from certain vendors are not reconciled to actual invoices and billings are not always reviewed for mathematical accuracy. Our review of specific disbursements noted the following concerns:

- 1) Because of the lack of cancellation of invoices, the board made a \$10,962 duplicate payment to the vendor. The board subsequently discovered this overpayment; however, the vendor only refunded \$10,446. The board did not follow up on the difference.
- 2) The board signed a one year equipment maintenance contract and paid the fee in advance. The agreement was voided by mutual agreement, but the board was not refunded the \$3,642 balance on the contract and did not follow up on the lack of a refund.
- 3) The board made a \$152 overpayment on an invoice which was not mathematically correct.

Strong internal controls are necessary to ensure that all invoices are canceled upon payment and have been adequately reviewed prior to payment.

- E. The board does not adequately track training of dispatchers to ensure dispatchers receive the minimum amount of training required by state regulations. The board does not keep records of specific training received by each dispatcher. In addition, during the last four years, the board has budgeted between \$44,000 and \$54,000 annually for training; however, actual training expenditures averaged approximately \$10,000 per year.

11 CSR 10-12 (Code of State Regulations) requires all dispatchers to complete a minimum of 40 hours of initial training and a 16-hour refresher course every two years. In addition, the CSR requires the board to maintain training records, certificates, and waivers for each dispatcher. The board should adopt procedures to ensure all dispatchers receive the required training and adequate training records are kept.

- F. The board does not maintain a general fixed asset listing nor are assets tagged as board property. A complete and accurate listing is essential because board assets are in five locations within a four county area.

A general fixed asset listing should include all property items valued at or over amounts determined by the board. The listing should include a description of the item, the location, the estimated useful life, and the original cost or estimated historical cost if the original cost is not available. Annual physical inventories should be performed and the results compared to the fixed asset listing. In addition, all items should be identified as board property with a tag or similar device.

Adequate general fixed asset records are necessary to secure better internal control over board property, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories of board property are necessary to ensure the fixed asset records are accurate, identify unrecorded additions and abatements, detect theft of assets, and identify obsolete assets.

The balance of the Multi-County (ACCD) 911 Fund has increased substantially over the past four years from \$356,261 at December 31, 1997 to \$600,549 at December 31, 2001. Current revenues are approximately \$500,000 annually. The 911 Board President indicated that the board intends to use the accumulated balance to centralize operations. Currently, each county and city provides its own dispatching and coordination. The board's consultant estimates one-time expenditures of consolidating operations at \$838,000 and an annual operating budget of \$647,200. The board estimates that the plan will take approximately 3 years to implement.

While it appears a centralized operation may help address problems noted in the rest of this Management Advisory Report section, the board needs to carefully review the costs and benefits of such a move. If the board decides to continue to operate with the current decentralized system, the board should review current operations and attempt to reduce the large accumulated fund balance.

WE RECOMMEND the Multi-County (ACCD) 911 Board carefully review the proposal to centralize operations and ensure such a decision will be cost beneficial to the taxpayers. If the board does not adopt a plan to centralize operations, the board should review its current operations and take steps to reduce the large accumulated balance of the Multi-County (ACCD) 911 Fund. In addition, the board should:

- A. Work with the counties to obtain and review all supporting documentation for mapping expenditures and resolve any questions or discrepancies. All overpayments to the counties should be refunded. In addition, the board should discontinue the policy of advancing monies.
- B. Consider requiring all revenues to be sent directly to the board and continue to monitor revenues to determine reasons for the significant fluctuations.
- C. Prepare budgets which more accurately report anticipated expenditures.
- D. Adopt procedures to ensure all expenditures are reviewed and approved prior to payment, and maintain documentation of board approval such as a listing of all expenditures which is filed with the official board minutes. In addition, billing statements and invoices should be checked for accuracy and canceled upon payment. The board should follow up on the overpayments noted to determine if refunds should be obtained.

- E. Maintain records of training received by all dispatchers and ensure all dispatchers receive adequate training in accordance with state regulations.
- F. Prepare general fixed asset records which include pertinent information for all board assets. In addition, the board should properly tag or otherwise identify all property and conduct annual physical inventories to ensure the accuracy of the records.

AUDITEE'S RESPONSE

We have contacted another firm to do a second study to determine the costs of centralized operations for ACCD 911. This study will be done at no cost unless the board decides to go ahead with the centralization plans. If Proposition A passes in August 2002, we will be spending funds to provide cellular 911 service, which will greatly reduce the balance of the ACCD 911 Fund.

- A. *A motion was made at the July 29, 2002, board meeting that each county will retain the funds they currently have and will not reimburse ACCD 911. In the future, the counties will provide documentation as to how the accumulated funds were spent as well as how they will spend future requested funds. The counties will provide documentation as to the remaining balance and include yearly income and expense for ACCD 911 funds.*
- B. *All revenues are currently sent directly to DeKalb County by the telephone companies. We will closely monitor these funds.*
- C. *The budgets will be prepared to better reflect anticipated expenditures.*
- D. *All expenditures are approved by the Board Chairman. All expenditures and income are provided to board members at each quarterly meeting. Billing statements will be checked for accuracy and canceled upon payment. Letters will be sent to determine if applicable refunds can be obtained.*
- E. *Training for dispatchers is obtained and copies will be kept to ensure all dispatchers are receiving training in accordance with state regulations.*
- F. *Inventory lists are kept with serial numbers for the main computer equipment and recorders. This is currently the only equipment owned by ACCD 911. The board will consider tagging all property to help ensure accurate records.*

In accordance with Section 205.971, RSMo 2000, the board provides funding from the proceeds of a property tax levy for goods and services to individuals whom are developmentally disabled. These services include funding to a non-for-profit (NFP) sheltered workshop and a school district. Our review noted the following concerns:

- A. The board has not entered into written contracts with the entities that provide services to the board. The board provided funds approximating \$38,500 to the sheltered workshop and \$31,500 to the school district. In addition, the board purchased equipment for various entities, and neither board approval nor the purpose of these equipment purchases was always documented. Examples include a van (\$19,812) purchased for a group home and computer equipment (\$12,611) purchased for various entities which provide services to the developmentally disabled.

Written contracts are necessary to specify the services to be performed and the compensation to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement. Purchases of equipment for other entities should be approved by the board and the purpose of each purchase should be documented in writing. In addition, Section 432.070, RSMo 2000, requires all contracts to be in writing.

A similar condition was noted in prior audits.

- B. In addition to the funds noted in part A., the board approved the purchase of playground equipment costing approximately \$27,000 to a public school district located in Clinton County. According to the school district, the equipment is used by 156 students, of which 20 are developmentally disabled and only 13 of these are residents of DeKalb County. Given the number of DeKalb County residents served by this expenditure and the amount spent, this may not have been a prudent use of county taxpayer monies.
- C. Monthly bank reconciliations were not prepared during the audit period. As a result, errors in recorded receipts and disbursements were not detected and the balance of the Senate Bill 40 Board Fund was overstated on the accounting records by approximately \$3,000. Monthly bank reconciliations are necessary to ensure errors are detected on a timely basis and financial information is presented correctly in the accounting records.

A similar condition was noted in prior audits.

- D. The board does not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets by \$3,035 in 2000. It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. Also, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

A similar condition was noted in a prior report.

- E. The board did not solicit bids for banking services during the audit period. The Board Treasurer has a financial interest in the board's depository bank. To avoid potential or actual conflicts of interest, the board should solicit bids for banking services and the Board Treasurer should abstain from voting on any proposals involving the bank in which he has a financial interest.
- F. The board minutes do not indicate board approval and are not signed. In addition, notices of meetings and tentative agendas are not always posted for board meetings.

Section 610.020.6, RSMo 2000, requires a journal or minutes to be taken and maintained of all board meetings. To help ensure their accuracy, all minutes should be read and approved by the board, signed by the person who prepares them, and signed by the board president as an independent attestation to their accuracy. In addition, Section 610.020.1, RSMo 2000, requires all public governmental bodies to publicly post notice of the time, date, and place of each meeting and its tentative agenda.

WE RECOMMEND the Senate Bill 40 Board:

- A. Enter into written contracts with organizations that receive funding for both goods and services. Contracts should specifically address the goods and services to be provided and compensation to be paid, and allow the board a means to monitor compliance with the contract terms.
- B. Carefully consider the benefits to county residents for future expenditures of this type.

- C. Prepare monthly bank reconciliations and ensure the accounting records accurately reflect the balance of the Senate Bill 40 Board Fund.
- D. Not authorize expenditures in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- E. Solicit bids for banking services and ensure the Board Treasurer abstains from voting on proposals involving the bank in which he has a financial interest.
- F. Ensure board minutes are properly approved and signed. In addition, meeting notices and tentative agendas should be posted as required by state law.

AUDITEE'S RESPONSE

- A. *We agree that contracts are needed with our main service providers and we will implement this for the year 2003.*
- B. *It was our understanding that the Clinton County Senate Bill 40 Board was to pay a portion, but due to turnover on that board, this was not completed.*
- C. *We will attempt to implement this recommendation.*
- D. *We were not aware of the process of filing amended budgets. This will be done in the future.*
- E. *We do not believe this situation presents any conflict of interest or poses any potential problems.*
- F. *This will be implemented.*

11.	Senior Citizens Services Board
------------	---------------------------------------

The board receives approximately \$25,000 annually from a property tax levy. The tax receipts are used to fund a meals program for senior citizens of DeKalb County. Our review noted the following concerns:

- A. The board contracts exclusively with the DeKalb Senior Citizen Center which provides the meals program. Four of the seven members of the county board also serve on the governing board of the DeKalb Senior Citizen Center. The board advertised for bids for the meals program, but only received the one bid. Based upon a review of the Senior Citizens Services Board minutes, it appears the four members which serve on both boards did not abstain from voting on the contract.

Because the majority of the board also serves on the DeKalb Senior Citizen Center's board, this situation represents a potential conflict of interest. The board members are appointed by the County Commission. The board and the County Commission should review this situation with legal counsel. At a minimum, to provide greater assurance that the board is acting independently and in the best interest of the county, board members who serve on both boards should abstain from voting on matters involving the DeKalb Senior Citizen Center.

- B. The board does not adequately monitor expenditures on the meals program to ensure only eligible county residents are served. Although the board receives a bill which lists the number of meals served and the total costs of these meals, a listing of the names of county residents served would provide additional assurance that the county tax money is spent for the benefit of county residents. The board's contract with the DeKalb Senior Citizen Center should require this information be submitted to the board.

WE RECOMMEND the Senior Citizens Services Board:

- A. And the County Commission review this matter with legal counsel. At a minimum, the board should ensure members serving on both boards abstain from voting on matters involving the DeKalb Senior Citizen Center.
- B. Require a more detailed listing of the meal expenses billed and periodically review the listing for propriety. At a minimum, the listing should contain the names of citizens participating in the meals program, the number of meals served, and the cost per meal.

AUDITEE'S RESPONSE

- A. *In our opinion, since there is no pecuniary interest involved, there is not a conflict of interest; therefore board members should not abstain from voting.*

The County Commission indicated it was very difficult finding individuals willing to serve on the board, and indicated they will review this matter with the Prosecuting Attorney.

- B. *We will check into this.*

This report is intended for the information of the management of DeKalb County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DEKALB COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by DeKalb County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Expenditures

- A. Forms 1099-Miscellaneous were not issued for some applicable payments to individuals or unincorporated business as required by law.
- B. Written contracts were not executed for some law enforcement service agreements with cities within the county.

Recommendation:

The County Commission:

- A. Ensure payments totaling greater than \$600 to nonemployees and unincorporated businesses are reported to the Internal Revenue Service.
- B. Ensure all contracts and leases are in writing and approved by the County Commission.

Status:

- A. Implemented.
- B. Partially implemented. While written contracts have been executed with some cities, the county has not entered into written contracts with the Cities of Cameron and Maysville. Although not repeated in the current report, our recommendation remains as stated above.

2. Budgetary Practices

Budget documents did not accurately reflect the county's projected financial position. Generally, disbursements were budgeted to equal receipts plus beginning cash balances, while actual disbursements were generally much less than budgeted amounts.

Recommendation:

The County Commission ensure more accurate estimates and classifications are used in the budget documents for all funds to more accurately reflect the county's financial position.

Status:

Partially implemented. Budgets for 2000 and 2001 were more accurate for most funds, but some concerns were noted with budgets for the Special Road and Bridge Fund. Although not repeated in the current report, our recommendation remains as stated above.

3. Personnel Policies and Procedures

- A. The county's overtime policy did not appear to comply with the Fair Labor Standards Act (FLSA).
- B. Time sheets were not prepared by some employees. In addition, annual leave, sick leave, and compensatory time records were not maintained for some employees. In addition, time sheets for the county road and bridge inspector were not approved by a supervisor.

Recommendation:

The County Commission:

- A. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- B. Require all employees to prepare and submit time sheets which are signed by the employees and approved by the applicable supervisor. In addition, the county should develop a written policy addressing leave earned by state and county employees and the County Clerk should maintain records of vacation, sick leave, and overtime, earned, used, and accumulated for all employees.

Status:

- A. Implemented.
- B. Partially implemented. Time sheets are prepared and leave records are maintained for each employee. However, the county road and bridge inspector's time sheets are not approved by a supervisor. Although not repeated in the current report, our recommendation remains as stated above.

4. Federal Financial Assistance

- A. Adequate records were not maintained to support expenditures pertaining to the Domestic Cannabis Eradication/Suppression Program, resulting in questioned costs of \$1,093.
- B. Adequate records were not maintained to support the required in-kind match on an emergency shelter grant, resulting in questioned costs of \$5,600.

Recommendation:

The County Commission consult with the grantor agencies to resolve the questioned costs. In addition, the County Commission should ensure adequate documentation to support the expenditures of federal grant funds is retained.

Status:

Partially implemented. The questioned costs have not been resolved; however, we noted no similar concerns with federal programs reviewed during the current audit. Although not repeated in the current report, our recommendation remains as stated above.

5. Assessment Fund

The county did not bill cities their share of assessment costs as required by state law.

Recommendation:

The County Commission ensure the cities are billed for their share of assessment costs in accordance with 137.720 RSMo 1994.

Status:

Not implemented. See MAR No. 5.

6. Apportionment of Railroad and Utility Taxes

The County Clerk did not correctly apportion 1997 railroad and utility taxes to the school districts.

Recommendation:

The County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary education for guidance on how to correct these past errors.

Status:

Implemented. The County Clerk re-calculated all apportionments for calendar years 1995 through 1998 and made adjustments to adequately correct past errors. We noted no problems with the apportionment calculations for the current audit period.

7. Township Collector's Commissions and Withholdings

- A. Excess commissions and assessment fees of \$215 and \$165, respectively, were withheld because an incorrect unadjusted levy was used to calculate the Proposition C ratio for the Cameron R-I School District.
- B. The Grand River township collector withheld collections and assessment fees from the payments in lieu of taxes (PILOT) related to the municipal tax increment financing project.

Recommendation:

The County Commission:

- A. Ensure future commissions and assessment withholdings are adjusted for amounts over withheld and the township collectors utilize proper ratios when determining amounts to be withheld from school district's tax collections.
- B. Review the practice of retaining fees on the collection of PILOT monies with the Prosecuting Attorney to ensure monies are being properly distributed to the TIF project fund.

Status:

- A. Partially implemented. Our review noted no problem with the Proposition C ratios used in the current audit; however, the monies owed the Cameron R-1 School District have not been repaid. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented. However, this issue was not addressed by Prosecuting Attorney until April 2001. He issued an opinion which concluded current laws did not prohibit the township collector from withholding these fees.

8. Ex Officio County Collector's Procedures

- A. The Ex Officio County Collector did not reconcile her bank account balance to existing liabilities.

- B. A \$5 certification fee was assessed when personal property taxes were added after the tax books had already been printed and distributed to township collectors. This fee was established by order of the County Commission, but there appeared to be no statutory authority for this fee.

Recommendation:

The Ex Officio County Collector:

- A. Reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine unidentified amounts in the bank account.
- B. Discontinue assessing the \$5 certification fee. In addition, the County Commission rescind its order to collect this fee.

Status:

A&B. Not implemented. See MAR No. 6.

9. Prosecuting Attorney's Accounting Controls and Procedures

- A. Bad check receipts were not deposited or transmitted to merchants in a timely manner.
- B. An inactive bad check restitution bank account contained unidentified monies of \$2,440.

Recommendation:

The Prosecuting Attorney:

- A. Record and deposit bad check fees and restitutions daily or when accumulated receipts exceed \$100. In addition, bad check restitutions to merchants should be transmitted on a timely basis.
- B. Close the inactive bank account and distribute any monies which can be identified to the appropriate parties. Any monies which cannot be identified should be remitted to the state Unclaimed Property Section or the county Unclaimed Fees Fund.

Status:

- A. Partially implemented. Bad check fees and restitution were deposited or transmitted in a more timely manner during the current audit period; however, monies on hand

usually exceed \$100 before deposit or transmission. Although not repeated in the current report, our recommendation remains as stated above.

- B. Implemented. The account was closed and the balance was paid to the County Treasurer for deposit into the Unclaimed Fees Fund.

10. Sheriff's Accounting Controls and Procedures

- A. Receipts were not posted to the cash control record on a timely basis. In addition, receipts were not reconciled to bank deposits.
- B. Amounts received for serving papers were not receipted and deposited until the papers were actually served.

Recommendation:

The Sheriff:

- A. Post all receipts to the cash control records on a timely basis and reconcile the composition of receipts to bank deposits.
- B. Issue receipt slips immediately upon receipt of monies.

Status:

- A. Implemented.
- B. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

11. Circuit Clerk's Controls and Procedures

- A. A listing of accrued costs owed to the court was not maintained and collection was not pursued on a consistent basis.
- B. Monies were not disbursed in a timely manner on cases which were resolved.

Recommendation:

The Circuit Clerk:

- A. Maintain a complete and accurate listing of accrued costs. In addition, written procedures should be established and implemented for pursuing the collection of such accrued costs.

- B. Establish procedures to ensure monies are disbursed in a timely manner on cases that have been resolved.

Status:

A&B. Not implemented. See MAR No. 7.

12. Senate Bill 40 Board

- A. The board did not enter into written contracts with the not-for-profit corporations which received funding from the board.
- B. Monthly bank reconciliation procedures were not adequate. A running checkbook balance was not maintained and reconciled to the bank balance.
- C.1. The board approved expenditures in excess of budgeted amounts. In addition, actual revenues, expenditures, and cash balances were misstated on the budgets.
 - 2. Budgets were not filed with the State Auditor's office as required by state law.
- D. The annual published financial statements did not include all financial activity.
- E. The board did not have a depositary contract with its bank.
- F. Various financial records could not be located by the board.

Recommendation:

The Senate Bill 40 Board:

- A. Obtain written contracts with organizations that receive funding. Contracts should specifically address how funds are to be used, applicable bidding requirements, and clarify asset ownership.
- B. Maintain a checkbook balance and prepare complete and accurate bank reconciliations.
- C. Ensure the annual budget includes reasonable estimates of expenditures and keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised. In addition, ensure budgets are prepared accurately and filed with the State Auditor's office as required by state law.
- D. And the County Commission ensure all required financial information for the board is properly reported in the county's annual published financial statements.

- E. Enter into depositary agreement with any bank which holds board monies, as required by state law.
- F. Retain records in a secure location in accordance with state law.

Status:

A&B. Not implemented. See MAR No. 10.

C. Partially implemented. Improvement was noted in the accuracy of actual amounts reported on the 2000 and 2001 budgets, and these budgets were filed with the State Auditor's Office; however, expenditures were approved in excess of the approved budgets. See MAR No. 10.

D, E,
&F. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEKALB COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of DeKalb was named after Baron Johann DeKalb, a German-born member of the French army General in the American Revolution. DeKalb County is township-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Maysville.

DeKalb County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where DeKalb County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 44,413	2	39,970	2
Sales taxes	538,408	26	533,921	25
Federal and state aid	945,731	47	1,135,883	52
Fees, interest, and other	504,141	25	444,793	21
Total	\$ 2,032,693	100	2,154,567	100

The following chart shows how DeKalb County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 862,268	41	651,856	30
Public safety	371,679	17	370,842	17
Highways and roads	889,001	42	1,174,196	53
Total	\$ 2,122,948	100	2,196,894	100

In addition, DeKalb County has a Capital Improvement Sales Tax Fund with receipts of approximately \$550,000 per year, for the purpose of capital improvements to county roads.

The county maintains approximately 180 county bridges and the townships maintain approximately 625 miles of county roads.

The county's population was 7,305 in 1970 and 11,597 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	57.8	55.9	33.3	19.5	13.2
Personal property		24.5	22.9	8.6	7.6	5.2
Railroad and utilities		6.4	7.9	7.3	5.2	4.0
Total	\$	88.7	86.7	49.2	32.3	22.4

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

DeKalb County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$.0700	.0500
Senate Bill 40 Board Fund		.0900	.0900
Senior Citizens Services Board Fund		.0300	.0300

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	2002	2001
State of Missouri	\$ 27,027	26,171
General Revenue Fund	60,520	43,016
Assessment Fund	55,193	52,969
Senate Bill 40 Board Fund	77,708	75,475
Senior Citizens Services Fund	25,601	23,709
School districts	3,083,773	3,059,069
Tax increment financing district	61,874	61,590
Townships	87,114	84,521
Township bonds	53,417	61,866
Township road and bridge	328,416	314,253
Nursing home	70	70
Ambulance districts	193,547	186,375
Watershed	25,827	24,254
Fire protection districts	160,559	154,670
Cities	24,388	23,764
Surtax	140,484	130,647
Certification fees	570	715
County Employees' Retirement	33,588	29,534
Other	8,497	3,810
Commissions and fees:		
General Revenue Fund	36,977	36,016
Township Collectors	34,935	33,501
Ex Officio County Collector	602	500
Total	\$ 4,520,685	4,426,494

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	92.8 %	89.3 %
Personal property	85.8	85.5
Railroad and utilities	99.6	100.0

DeKalb County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Road capital improvements	.0050	December 2002	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
David R. Lippold, Presiding Commissioner	\$	25,760	25,760
Wayne Colhour, Associate Commissioner		23,760	
Wayne McFee, Associate Commissioner		23,760	
Ken Keesaman, Associate Commissioner			23,760
David Powell, Associate Commissioner			23,760
Mary Berry, County Clerk *		37,873	37,873
Bart Spear, Prosecuting Attorney		63,000	63,000
Brad Mefford, Sheriff		40,000	29,614
Peter Bram, County Coroner		10,000	8,735
Illah Marie Pulley, County Treasurer and Ex Officio County Collector, year ended Mar 31 **	38,522	28,623	
Dale Boyer, Public Administrator ***		15,000	4,200
Cathy Walters, County Assessor, year ended August 31 ****		36,900	36,900

* Includes ACCD 911 salary of \$1,873 per year

** Includes \$602 and \$500, respectively, of commissions earned for collecting city property taxes and \$1,920 and \$1,873, respectively, of ACCD 911 salary

*** Includes fees received from probate cases in 2000

**** Includes \$900 annual compensation received from the state

State-Paid Officials:

Clifton DeShon, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
R. Brent Elliott, Associate Circuit Judge		96,000	
Warren L. McElwain, Associate Circuit Judge			97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	4 *	2 **
County Clerk	2 **	
Prosecuting Attorney	2 **	
Sheriff	12 ***	
County Treasurer	1 **	
County Coroner	1 **	
County Assessor	2	1 **
Associate and Probate Divisions	2 **	2
Road and Bridge	16 ****	
Total	<u>42</u>	<u>5</u>

* Includes three part-time employees.

** Includes one part-time employee.

*** Includes four part-time employees.

**** Includes eleven part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. DeKalb County's share of the Forty-Third Judicial Circuit's expenses is 18.67 percent.

DeKalb County, in conjunction with Andrew County, Caldwell County, Clinton County and the city of Cameron, formed the ACCD Regional Enhanced 911 System Board in November 1992 for the purpose of providing emergency telephone service. The governing body consists of two representatives from each county and one representative from the city of Cameron. Operations are financed primarily by an emergency telephone tax authorized by Section 190.300, RSMo, and approved by voters in August 1992. DeKalb County currently holds the funds and maintains the accounting records for the ACCD Regional Enhanced 911 System Board.

DeKalb County, in conjunction with Gentry and Worth Counties and the Missouri Department of Health, formed the Tri-County Health Center in 1985. The board of health center is comprised of one commissioner from each county. The Tri-County Health Center's main office is located in Gentry County and the health center's funds and accounting records are maintained by personnel in the main office.

DeKalb County voters in November 1999 approved a property tax levy to fund a senior citizens' services board. The DeKalb County Senior Citizens' Services Fund Tax Board is governed by a seven member board appointed by the county commission. The board holds the funds and maintains the accounting records. The 2000 property tax levy was assessed, but revenues were not transmitted to the board until January 2001.